

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Report, 2020

Docket No. ACR2020

CHAIRMAN'S INFORMATION REQUEST NO. 9
AND NOTICE OF FILING UNDER SEAL

(Issued February 1, 2021)

To clarify the basis of the Postal Service's FY 2020 *Annual Compliance Report* (ACR), filed December 29, 2020,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than February 8, 2021.

Competitive Domestic Negotiated Service Agreements

1. Please identify all negotiated service agreements (NSAs) where the Postal Service did not rely on actual piece-level weight and zone data to calculate cost coverage.
 - a. For each such NSA, please identify the payment method(s) used to collect revenue under that NSA and whether the failure to collect actual piece-level weight and zone data is a technical limitation of the payment method(s) used.
 - b. For each NSA where the failure to collect actual piece-level weight and zone data is not a result of technical limitations of the payment methods used, please identify the specific contractual or operational provisions that

¹ United States Postal Service *Annual Compliance Report*, December 29, 2020 (FY 2020 ACR).

prevented the Postal Service from collecting actual piece-level weight and zone data.

2. Please refer to Docket No. ACR2019 Response to CHIR No. 4, question 2.² The Postal Service stated that, “[o]nce package platform is fully deployed, we expect to have weight information on approximately 50 percent of packages.”
 - a. Please provide an update on the status of the deployment of the Package Platform System.
 - b. If the Package Platform System has been fully deployed, please describe the information that was collected on packages and how this information was used for the purposes of calculating the weight and revenue for pieces entered pursuant to a NSA.

Competitive Products

3. In its FY 2020 Form 10-K Report, the Postal Service stated, “[w]e purchased approximately 9,500 new vehicles to add to our fleet during 2020, at a cost of approximately \$389 million.”³
 - a. Please provide a summary of the types of vehicles purchased, including the quantity, cubic footage, and intended purpose associated with each type of new vehicle purchased in FY 2020.
 - b. For each type of vehicle purchased in FY 2020, please describe how the depreciation associated with these new vehicles (as opposed to the entire fleet, which is summarized in C/S 20.2 in the Cost Segments and Components report) is attributed to products. Specifically, what share is

² Docket No. ACR2019, Responses of the United States Postal Service to Questions 1-41 of Chairman’s Information Request No. 4, January 24, 2020 (Docket No. ACR2019 Response to CHIR No. 4)

³ United States Postal Regulatory Commission Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, November 13, 2020, at 47 (FY 2020 10-K Report).

attributed to market dominant products, what share is attributed to competitive products, and what share is treated as institutional?

4. Please provide, for each of FY 2018, FY 2019, and FY 2020, the share of competitive product volume that was delivered on each of the following route types: (a) city carrier letter routes; (b) city carrier special purpose routes; and (c) rural carrier routes. If an exact quantification is not possible, please provide the Postal Service's best estimate. Furthermore, please provide the basis for any calculations or estimates.

Periodicals

5. In its Response to CHIR No. 3, the Postal Service states, "[t]he decline in unit revenue is explained by the 13 percent decline in unit weight, associated in part with the shift of mailers to the use of thinner and lighter paper for publications."⁴
 - a. Has the Postal Service studied whether the current piece and pound price structure is appropriate, given the current state of Periodicals? If so, please provide the report. If not, please discuss whether there are future plans to study the current structure.
 - b. Has the Postal Service considered any changes to the piece and pound price structure, given the current state of Periodicals? If so, please provide the report. If not, please discuss whether there are future plans to consider any changes to the piece and pound structure.

⁴ Responses of the United States Postal Service to Questions 1-26 of Chairman's Information Request No. 3, question 4, January 22, 2021 (Response to CHIR No. 3).

Consumer Access

6. Please refer to Library Reference USPS-FY20-33, which was filed in this docket, and Library Reference USPS-FY19-33, which was filed in Docket No. ACR2019.⁵
- a. In Library Reference USPS-FY19-33, the Postal Service states that the number of post offices at the end of FY 2019 was 26,632.⁶ In Library Reference USPS-FY20-33, the Postal Service states that the number of post offices at the beginning of FY 2020 was 26,361.⁷
- i. Please provide the total number of post offices at the beginning of FY 2020. If this number differs from the end of FY 2019 number provided in Response to CHIR No. 1 (26,362), please explain why. In the response, please also reconcile the discrepancy between the Response to CHIR No. 1 and Library Reference USPS-FY20-33.⁸
- ii. Please reconcile the discrepancy in the number of post offices between the two library references.⁹
- b. In Library Reference USPS-FY19-33, the Postal Service states that the number of post offices suspended at the end of FY 2019 was 401.¹⁰ In

⁵ Library Reference USPS-FY20-33, December 29, 2020; Docket No. ACR2019, Library Reference USPS-FY19-33, December 27, 2019.

⁶ Library Reference USPS-FY19-33, file "PostOfficesFY2019.xlsx," tab "Post Offices," cell E35.

⁷ Library Reference USPS-FY20-33, Excel file "PostOfficesFY2020.xlsx," tab "Post Offices," cell C35.

⁸ See Responses of the United States Postal Service to Questions 1-38 of Chairman's Information Request No. 1, January 19, 2021, question 8 (Response to CHIR No. 1).

⁹ The discrepancy may result from the number of Capital Metro post offices reported at the end of FY 2019/beginning of FY 2020. Compare Library Reference USPS-FY20-33, Excel file "PostOfficesFY2020.xlsx," tab "Post Offices," cell C7 with Library Reference USPS-FY19-33, file "PostOfficesFY2019.xlsx," tab "Post Offices," cell E7.

¹⁰ Library Reference USPS-FY19-33, Excel file "PostOfficesFY2019.xlsx," tab "Suspension Summary," cell H26.

Library Reference USPS-FY20-33, the Postal Service states that the number of post offices suspended at the beginning of FY 2020 was 399.¹¹

- i. Please provide the total number of post offices suspended at the beginning of FY 2020.
- ii. Please reconcile the discrepancy in the number of suspended post offices between the two library references.¹²

7. The Postal Service provided a list of post offices suspended at the end of FY 2020 in a library reference.¹³ Please provide an updated Excel spreadsheet containing the following information for each suspended post office:

- a. City;
- b. State;
- c. ZIP Code;
- d. Date Suspended;
- e. Date Reopened (if applicable);
- f. Suspension Reason;
- g. Discontinuance Proposal Posting Date;
- h. Date of Community Meeting; and
- i. Date of Posting Final Determination to Discontinue.

¹¹ Library Reference USPS-FY20-33, Excel file "PostOfficesFY2020.xlsx," tab "Suspension Summary," cell D17.

¹² *Compare* Library Reference USPS-FY20-33, Excel file "PostOfficesFY2020.xlsx," tab "Suspension Summary," cell D17 *with* Library Reference USPS-FY19-33, Excel file "PostOfficesFY2019.xlsx," tab "Suspension Summary," cell H26.

¹³ Library Reference USPS-FY20-33, Excel file "PostOfficesFY2020.xlsx," tab "Suspended End of FY20."

8. Please refer to the Response to CHIR No. 1, question 6. Please provide Excel spreadsheets including Office Name (or other appropriate identifier), Location (City and State), and 5-Digit ZIP Code for the following:
 - a. Community Post Offices (CPOs) in existence at the beginning of FY 2020;
 - b. CPOs opened during FY 2020;
 - c. CPOs closed during FY 2020; and
 - d. CPOs in existence at the end of FY 2020.
9. Please refer to Response to CHIR No. 1, question 7. Please provide Excel spreadsheets including Office Name (or other appropriate identifier), Location (City and State), and 5-Digit ZIP Code for the following:
 - a. Contract Postal Units (CPUs) in existence at the beginning of FY 2020;
 - b. CPUs opened during FY 2020;
 - c. CPUs closed during FY 2020; and
 - d. CPUs in existence at the end of FY 2020.
10. Please refer to Response to CHIR No. 1, question 5. Please provide Excel spreadsheets including Office Name (or other appropriate identifier), Location (City and State), and 5-Digit ZIP Code for the following:
 - a. Village Post Offices (VPOs) in existence at the beginning of FY 2020;
 - b. VPOs opened during FY 2020;
 - c. VPOs closed during FY 2020; and
 - d. VPOs in existence at the end of FY 2020.
11. In Docket No. ACR2015, the Postal Service filed two Excel spreadsheets containing data on the Collection Point Management System and corresponding

density data.¹⁴ Please file an updated library reference and spreadsheets with FY 2020 data.

12. At the end of FY 2020, there were 140,845 collection boxes, 1,455 fewer than in FY 2019. FY 2020 ACR at 60.
 - a. Please describe the process for determining which collection boxes to remove each year. In the response, please describe all factors and criteria considered.
 - b. Please explain why the number of collection boxes decreased by 1,455 in FY 2020.
13. Please describe any plans or initiatives the Postal Service had to remove collection boxes during FY 2020. If applicable, in the response:
 - a. Please explain whether the Postal Service made any changes to the FY 2020 plans or initiatives to remove collection boxes.
 - b. Please explain whether and how plans or initiatives to remove collection boxes were implemented during FY 2020.
14. In a recent report, the Postal Service Office of Inspector General reported that 74 percent of collection boxes removed from June 15, 2020 through August 31, 2020 were from the Southern and Western areas.¹⁵
 - a. Please provide the number of collection boxes removed in FY 2020 by postal area. If the total number of collection boxes removed in FY 2020 differs from information the Postal Service filed in the FY 2020 ACR, please explain why and reconcile any discrepancies.

¹⁴ Docket No. ACR2015, Library Reference USPS-FY15-45, February 3, 2016, folder "ChIR.6.Q.2.CPMS," Excel files "ChIR.6.Q2a.CPMS.xlsx," and "ChIR.6.Q2b.Density Test.xlsx."

¹⁵ United States Postal Service Office of Inspector General, *Operational Changes to Mail Delivery*, Report Number 20-292-R21, October 19, 2020, at 12.

- b. When removing collection boxes during FY 2020, please explain whether and how any actions, plans, or initiatives focused on or significantly affected specific geographic areas or regions. If any actions, plans, or initiatives focused on or significantly affected specific geographic areas or regions, please explain why.
- 15. Please describe any plans or initiatives for removing collection boxes in FY 2021 and beyond.
- 16. If the Postal Service has plans or initiatives to remove collection boxes in FY 2021, please explain whether the Postal Service plans to request an advisory opinion from the Commission under 39 U.S.C. § 3661(b) related to collection box removals.
- 17. Please describe all actions taken in FY 2020 to reduce hours at post offices. In the response, please provide the number of post offices with hours reduced in FY 2020 disaggregated by postal area.
- 18. Please describe any plans or initiatives the Postal Service had for reducing hours at post offices in FY 2020. If applicable, in the response:
 - a. Please explain whether the Postal Service made any changes in FY 2020 to these plans or initiatives for reducing hours at post offices in FY 2020.
 - b. Please explain whether and how plans or initiatives to reduce hours at post offices were implemented during FY 2020.
- 19. Please explain whether and how any actions, plans, or initiatives for reducing hours at post offices during FY 2020 focused on or significantly affected specific geographic areas or regions. If any actions, plans, or initiatives focused on or significantly affected specific geographic areas or regions, please explain why.
- 20. Please describe any plans or initiatives for reducing hours at post offices in FY 2021 and beyond.

21. If the Postal Service has plans or initiatives to reduce hours at post offices in FY 2021, please explain whether the Postal Service plans to request an advisory opinion from the Commission under 39 U.S.C. § 3661(b) related to reduced post office hours.

Domestic Competitive

22. Please see Attachment, filed under seal.
23. Please see Attachment, filed under seal.

By the Chairman.

Michael Kubayanda